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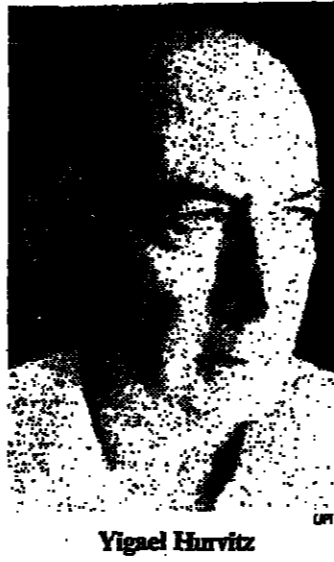
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Iranian Indicates Dropping Demand for \$24 Billion

PARIS — Iranian officials indicated today that Iran has dropped its demand for a \$24 billion Algerian loan...



Yigael Hurriz

Compromise on Economy Fails Key Israeli Minister Quits; Begin's Resignation Nearer

By William Claiborne... JERUSALEM — Israeli Finance Minister Yigael Hurriz made good on his threat to resign Sunday...



Menachem Begin

Polish Leader Warns Farmers Against Organizing Own Union

By James Markham... WARSAW — Poland's restive peasants Sunday night were bluntly warned by the leader of the Communist Party...

Compromise on Tapes Appears To Assure Haig's Confirmation

By Adam Clymer... WASHINGTON — In a compromise that all but assured the prompt confirmation of Alexander Haig Jr. as secretary of state...



Alexander Haig Jr., secretary of state-designate, gives the OK sign after Democratic senators agreed to expedite his confirmation vote.

Lech Walesa: 'I Do What My Conscience Dictates'

By Jas Gawronski... WARSAW — It is Sunday, the day he usually tries to reserve for his large family. Lech Walesa is less nervous than usual...

Violation of Parties' Accord Seen

By Jay Ross... WASHINGTON — The outgoing administration, in its most recent proposals for ending the hostage crisis, informed Iran that it would release \$2 billion of assets...

Bonn Weighs Major Arms Sale to Saudis

By John Vinocur... BONN — West Germany is considering a major weapons sale to Saudi Arabia that could significantly alter its traditional position of avoiding the sale of arms in areas of world tension.

Mugabe Demotes Nkomo; Ousts Tekere

By Jay Ross... SALISBURY, Zimbabwe — Prime Minister Robert Mugabe has fired Manpower Minister Edgar Tekere and demoted Joshua Nkomo...



Edgar Tekere

Joshua Nkomo

Salvadoran Leftists Attack, But Drive Seems to Falter

The Associated Press... SAN SALVADOR — Fighting erupted here and in other parts of El Salvador during the weekend in what leftist guerrillas called their "final offensive" against the U.S.-backed government.

Informed Iran Assets Recovery

WASHINGTON — The outgoing administration, in its most recent proposals for ending the hostage crisis, informed Iran that it would release \$2 billion of assets...

INSIDE Overseas Taxes

For the two million United States citizens who live overseas, the pro-business bias expected with the advent of the Reagan administration could be especially important.

Freedom for Writers

Draft of Polish Law Reduces Censorship

By John Darnton
New York Times Service
WARSAW — The draft of a new law to limit censorship is shaping up as a document that would make Poland one of Eastern Europe's freest societies for writers, journalists and filmmakers.

Mr. Olszowski is emerging as the predominant political hard-liner in the new party leadership. One sign of heavier censorship was the scant coverage given to attempts by Polish farmers to register their new union in court.

Tighter Control

The tighter control is an indication that the Communist Party wants to reassert its authority over the press. It may mean that the new censorship bill has a rough road ahead.

The bill is the product of a joint commission that has met four times. It combines two separate drafts, one from the Ministry of Justice, which was the government's version, and one from a committee of the Creative Associations and Scientific Societies.

The government's version retained the censor's office under the premier and defined the prohibited areas so broadly that the censor would have operated as before.

The draft prohibits material that would strike at Poland's independence and territorial integrity, its system of alliances, or its Constitution, which enshrines Socialism.

Specialized Publications

The draft excludes from censorship a wide range of specialized publications, including religious texts, statistical publications, school manuals, scientific publications, master's degree theses, religious broadcasts and information publications by trade unions.

All Polish classics written before 1918 would be allowed. Most committee members believe that many foreign books now prohibited, such as "The Tin Drum" by Gunter Grass and "1984" by George Orwell could be printed in Poland under the new law.

Significantly, the draft specifically excluded censorship for reason of authorship. This would end a long practice of blacklisting writers who fall afoul of the authorities.

The new law would force the 483 censors in the Central Office for the Control of Publication and Entertainment to give written reasons for their decisions to the authors, who would have the right of appeal to an administrative court.



Notice at Warsaw store telling shoppers that section of store is closed. One floor of 'Wars' store was open Saturday and two closed in response to Solidarity's call for Saturday shutdowns.

Polish Farmers Warned Against Forming Union

Saturday would have their pay docked. Solidarity has threatened to resort to strikes if reprisals are taken against those who did not show up for work Saturday. But, as most workers are paid monthly or every two weeks, it may be a while before a cycle of local disputes erupts.

Last month, more than 1,000 farmers and peasants assembled in Warsaw to press their demands to be registered by the supreme court as a legal union — like Solidarity. Rural Solidarity claims to represent about 600,000 of Poland's 3.5 million private farmers.

On Dec. 30, the supreme court deferred a decision on the registration of Rural Solidarity, saying that its justices had to study relevant documents and international statutes. At the time, the leader of Rural Solidarity, Zdzislaw Ostalczyk, called the court judgment "almost a victory." But Mr. Kania's uncompromising speech cast strong doubts over the peasants

union's chances for legalization. Speaking of Rural Solidarity, Mr. Kania said its "program of demands is not constructive or creative." He added that the organization was being infiltrated by "some whose biographies amply demonstrate that peasant interests are alien to them. There is no lack of those who make no secret of their anti-Socialist or — to put it more bluntly — counterrevolutionary designs."

Addressing a gnawing concern of many peasants, the party chief said emphatically that they should be reassured of their titles to the land they own. "We must strengthen the conviction that the peasant's property is untouchable," he said.

The tone as well as the subject of Mr. Kania's speech was noteworthy. Tough Marxist phraseology like "anti-Socialist stings" and "counterrevolutionary designs" are consonant with a hard-line rhetoric that has begun to creep into the state-run media.

Lech Walesa: 'I Do What My Conscience Dictates'

(Continued from Page 1)
personality, so one can imagine that your trip will have a meaning that goes beyond what you have just said.
A. Maybe yes, maybe no. I am going as a son to his father.
Q. Don't you think that Poland's allies, and among them the Soviet Union, which still follows intently what happens in Poland, will be worried by your trip to Rome, interpreting it as an attempt to strengthen your position and that of Solidarity?

A. I don't make judgements about anybody. How others judge me is their problem. I am going to explain our Polish interests.
Q. This is your first trip to the West and, in general, abroad. In Italy you will be received as one of the most famous personalities of the moment. Have you thought about how this can reflect on you, on your sense of balance?

A. How can you be afraid of a friend? A friend should feel offended if someone were afraid of him. That is why I am not afraid of friends. I would be offended if I were a friend of somebody, and he wanted to use me to scare someone. In any case, a solution by force won't help. As someone has said, no one will succeed in obliging us to work with tanks. So, on the one hand, I am not afraid. On the other hand, I am a believer and if it is written that this country and I will have to pay for that, I will pay with my head up. But I don't think we have reached that point, because we really are not seeking very much. We want to feel at home in our home, we want to work for the benefit of our people and what we do is aimed at allowing us to live better.

We don't threaten anybody, and nobody should feel threatened by us. We don't bother anybody, we don't intervene against anybody. We just want to put a little bit of order in our house.
Q. In a few months, there will be elections for the leadership of Solidarity. Do you expect to be chosen again as its leader?

A. I tell you again, and it might seem strange to you, that I don't calculate. I don't get prepared. I believe in Providence. If I am chosen, I will go on as the head of Solidarity. Personally, I feel a bit tired, a bit in poor health. And as a result, I would happily give up the job to get some rest. But, if I am given the job, I will go on doing it.
Q. What is the economic situation of Poland? Is it really so catastrophic?

A. I am not in a position to judge the economic situation in our country. But from what I understand, it is not so tragic. To talk about the economic situation, one would have to know how the national product is divided, where too much is allotted and where too little. One thing, I know, is that, if we succeed in understanding each other, then we will divide even the last scrap of bread among us, and we will be happy. What is important is the internal satisfaction, the internal happiness of man. This is much more important than the external things. If we follow that principle, we will be ready for any kind of sacrifice.

Tapes Compromise Seen To Assure Vote for Haig

(Continued from Page 1)
the minority leader and also the party's effective leader on the committee, said seeking the tapes would lead to legal action that might last "perhaps years."

Democrat Paul Sarbanes of Maryland and John Glenn of Ohio noted that the Republicans' lawyers had already told their counsel that no tapes were relevant. The two Democrats argued that at least the logs had to be subpoenaed, and that if the tapes were needed, Sen. Baker still objected, calling it "a fishing expedition" and a "blanket subpoena."

No 'Sarveys' Allowed

"I am not prepared to vote for a subpoena for anything," he said. But Sen. Percy did not take the hint, and with assurances from several Democrats that they would not use delays in supplying material as a reason to delay a vote on Gen. Haig, he promised to issue a subpoena Saturday afternoon, if he could not get the logs merely by requesting them from the National Archives. Sen. Baker then shrugged and said he would go along.

Legal action is almost certain before any material is delivered. Herbert Miller Jr., counsel to former President Nixon, wrote Sen. Fell Wednesday that any steps being taken at the request of the White House to "survey" recordings to see what was there "is a violation of law and pertinent regulations. Any person who purports to authorize, condone or participate in any such survey is personally accountable."

The Archives, according to lawyers familiar with the issue, might seek guidance from a Washington court on whether the subpoena is sufficient under the law governing access to the Nixon tapes. Some legal authorities contend it does not allow congressional subpoena.

Watergate tapes were placed by law under control of the archivist of the United States after the resignation of President Nixon.

Inquiry Kept Open

The committee agreed to keep its inquiry open after any confirmation vote in order to preserve its claim for materials under subpoena. Without a formal resolution that request might be held moot by courts which could rule that the logs, tapes and other data were no longer needed.

Gen. Haig insisted in Friday's testimony that he had no objection whatever to the committee's obtaining tapes of conversations he had with Mr. Nixon while serving as his chief of staff. The material requested covers the period May 4 to July 18, 1973. He returned to the White House, as chief of staff, on the former date and the taping system was taken out on the latter.

Other than the discussion of what to request and what to subpoena, Gen. Haig's service in the Watergate period went unmentioned at Saturday's hearing. Sen. Paul Tsongas, D-Mass., did press him about White House decisions — while Gen. Haig was deputy to Henry Kissinger at the National Security Council — to try to block the accession of Salvador Allende to the presidency in Chile.

Gen. Haig conceded that those decisions were "in contrast to the spirit" of the charter of the Organization of American States, which bars interference in other nations' internal affairs.

'Countervailing Pressures'

But, he said, "It's got to be viewed in the context of a host of other countervailing pressures, and other countervailing imperatives. And I don't think you, senator, or anyone in this room would want a rigid, legalistic preoccupation, which does not assess exigencies of the moment."

He also argued that recent U.S. pressures on governments in Nicaragua and El Salvador might also be said to diverge from the spirit of the OAS charter.

Gen. Haig maintained the tough line toward the Soviet Union that had dominated his opening day of testimony Friday, scolding that nation's advocacy of the "inevitable" supremacy of Marxism-Leninism as a system.

"Quite the contrary. It is a profound historic failure," he said, "an agricultural basket case."

He also rejected, under questioning by Sen. Christopher Dodd, D-Conn., improved ties with Cuba. "It would be very, very difficult for me to support efforts towards the normalization of relationships with Cuba just so long as they are spawning, instigating, financing and conducting terrorist activities in this hemisphere designed to change by force legitimate governments," he said.

No Position on Embargo

But on several issues, his positions distinguished themselves from the policies advocated in the Republican platform. Once again, he would take no position on the grain embargo, which the platform is committed to lift immediately.

He said China had a long, long way to go "before it could be considered a military threat to Taiwan. The platform promises 'priority consideration to Taiwan's defense requirements.'"

On Friday he had disavowed "strategic superiority" as a nuclear policy goal. The platform commits the Republican Party to bringing the nation to "the position of military

superiority that the American people demand."

It was under questioning from Sen. Sarbanes that he stated his position on the platform. Asked if he felt "an obligation to conform to the provisions of the Republican Party platform," Gen. Haig replied:

"Well, since I didn't participate in any way in the structuring or drafting of that platform, I would say only to be aware that it exists, and to take it into consideration as the judgments are made on issue to issue. In no way would I anticipate an approach which visualized strict adherence to something that I had no role in drafting."

Reagan Says Haig Inquiry Is Political

By Eleanor Randolph
Los Angeles Times Service

BEVERLY HILLS, Calif. — President-elect Reagan said Democratic senators grilling Secretary of State-designate Alexander Haig Jr. in Washington are indulging in "politics" and "elements of extremism" by asking Gen. Haig about Watergate, the invasion of Cambodia and wiretapping during Gen. Haig's years as an aide to President Richard Nixon.

"I think there are certain elements of extremism that get into the questioning that don't really have any bearing on whether he'll be a good secretary of state. And he's going to be a good secretary of state," Mr. Reagan said.

In addition, Mr. Reagan defended the decision by the Nixon White House to bomb and later invade Cambodia during the Vietnam War. The president-elect said the incursion into Cambodia, which was controversial at the time, "made a lot of sense."

"If you come down to Cambodia — the Vietnam War — the Vietnamese were taking refuge, sanctuary, in Cambodia, coming across the line and killing Americans," Mr. Reagan said. "I think that going over made a lot of sense. It did to the fellows that were being bombed."

Making a Fuss

Mr. Reagan told reporters that Democratic senators appear to be "trying to make a fuss" about Gen. Haig's tenure as chief of staff to Mr. Nixon during Watergate and as deputy national security adviser when the decisions to bomb and invade Cambodia were made in 1969.

Mr. Reagan, who was on his way to his tailor to be outfitted in his inaugural morning suit, said he believed Gen. Haig and other Cabinet designees ultimately would be confirmed by the Senate.

"I think there's a tendency in all these hearings to say, now, well, we're going to shake these fellows up a little and make them realize that they better be watching themselves where the Senate is concerned," Mr. Reagan said.

"I think that just goes with the game and probably our side would be doing it to the other side," he said.

Mr. Reagan indicated it will be "a little tougher" than he had anticipated to enact the economic plan he had promised repeatedly during the campaign. He had proposed to dramatically cut the federal budget and substantially decrease taxes soon after he took office.

"Naturally, we will have to be guided by the present situation and the increased projected deficit that has come in the last few months," Mr. Reagan said.

Begin Government Faces Collapse as Minister Quits

(Continued from Page 1)
the Cabinet if his position were not upheld. Mr. Hamner would have taken with him the 12 Knesset members of the National Religious Party, thereby dooming Mr. Begin's Likud coalition.

Cabinet sources said Mr. Begin sought to resolve the impasse by proposing approval of the teachers' raises, but postponing negotiations for payment.

"We tried to find a compromise — to build a bridge. The prime minister did his best, and I suppose you can say the finance minister did his best. The name of the game is compromise, but in the end it did not work," Mr. Naor said.

Some of the Cabinet ministers, however, said they were angered because Mr. Hurvitz submitted his resignation before the vote was taken on the wage issue.

When asked whether Mr. Begin was seriously considering retaining as the head of a minority government, Mr. Naor replied, "Anything's possible, but there are questions of such a thing. You can't be sure how people will vote in such an arrangement. Tomorrow we will discuss all the possibilities and the political consequences."

Under Israeli law, Mr. Hurvitz has 48 hours in which to withdraw his resignation, although Mr. Naor said there would be no attempt to dissuade him from leaving the government. It was unclear Sunday night whether Mr. Begin would wait the 48 hours before submitting a motion to dissolve the Knesset.

On paper, the Likud coalition had enough votes to withstand a vote of no-confidence — on Nov. 19 it survived such a motion by only three votes — but without the Rafi faction it would be unable to

WORLD NEWS BRIEF

Manila Council to Review Internal Security

United Press International
MANILA — The National Security Council will review the internal security situation in preparation for the lifting of martial law this month, an official announcement said Sunday.

The council will meet Thursday, two days before the anticipated lifting of the martial law regulations. The announcement also made provisions of the previously undisclosed National Security code and the Order Act, which will remain in effect when President F. Marcos revokes martial law.

UN Offers to Break Ties With Namibia

New York Times Service

GENEVA — In an effort to get serious negotiations under way conference on South-West Africa here, the United Nations has taken specific steps to break its ties with the insurgent movement as the South-West Africa People's Organization in exchange Africa's agreement on a date for a cease-fire in the disputed territory.

The offer came Saturday in a statement by Brian Urquhart, secretary general serving as chairman of the meeting, who was in a series of scathing attacks on the United Nations as well as insurgents by representatives of political parties from the territory have been seated here as members of the South African delegation. Agreement was reached nearly three years ago on nearly all of a cease-fire and an internationally supervised election, but South Africa has been saying that a date for actual implementation of the agreement must await the establishment of a climate of confidence between the parties in the ability of the United Nations to hold a fair election.

Iran Claims Recapture of 3 Western Se

United Press International

BEIRUT — Iran claimed Sunday that an offensive ordered by the late Abolhasan Bani-Sadr last Monday recaptured three sectors of western front during the weekend and penetrated four miles in one point.

Tehran radio said Iraqi tanks, troop carriers and infantry were being pursued by Iranian helicopters. It said at least 300 killed and 84 captured in the weekend fighting.

Iraqi military communications for the most part ignored the claims, but reported a "crushing victory" near Basra on the front. Baghdad said an Iranian mechanized brigade had been the region in a five-day battle.

France Said Sending Troops to Central

Reuters

NANTES, France — France flew two contingents of military reinforcements to the Central African Republic, it said Sunday. Another company was to leave later, and would join 800 French soldiers already at an army base 100 miles from Chad's border, the sources said.

Their departure from the western city of Nantes was the intended to reassure friendly countries in Africa that feel threatened by the proposed merger between Chad and Libya. Military sources confirmed that troops are being sent to Africa, but would defend French officials have said reinforcements have been sent at the request of African countries with which France has defense treaty aid agreements. They said 10 African countries had no requests.

West Germany Considers Major Arms Sale to Saudi

(Continued from Page 1)

tain special ties, and as a continuation of a 1971 Cabinet decision that denies export licenses to West German manufacturers seeking to export arms to so-called areas of tension.

A suggestion that Mr. Schmidt wants the deal approved came on Wednesday, after its disclosure, when Mr. Wischniewski said that he did not consider Saudi Arabia an area of tension.

Mr. Schmidt's advisers were understood to be weighing the Saudi proposal against several considerations.

Economic Help

In the most obvious terms, the sale would help West Germany's economy in a time of serious difficulties. It would also strengthen ties with the main source of West Germany's oil and a country that last year loaned the government \$2.3 billion to help with lingering current-accounts problems. The consequences of saying "no" to the Saudis are not entirely clear.

What the sale would mean about West German military involvement in the Gulf area is also being examined. When some Americans have hinted that West Germany should be more involved militarily in defending the Gulf, the Bonn government's answer has been that its constitution does not permit it to use West German units outside the NATO area. Under

Lifting Taboo

The French, who have a leading position in the arms sales to Arab countries, guard a West German-Saudi lifting of the last West German arms sales agreement, worth \$1 billion, to the Saudis and then with instructors at them to refuse to join to protect the area.

West Germans have edged that the sale would consultation with their believed that there would a great problem with the States or Britain but that might be unsettling for I

The Israeli government little about the deal, but press has attacked it vigorously. The sale would mean that the Saudis turned up against Israel, the roughly comparable to advanced Israeli tank, it va, or Chariot, according to experts. The Merkav smaller gun and less thought to be slightly n able for desert operations

According to the E Ministry, West Germany \$3.02 billion worth of a 1975 to 1979, about 40 going outside the NATO Swedish International P Research Institute, which international arms trade that West German arms developing countries tota \$1.5 billion in the last. This would make West the world's sixth largest porter, after the United S Soviet Union, France, Br Italy.

Licensing Deals

Beyond officially approved, the institute content German manufacturers export restrictions through arrangements, notably French companies. Anti-arms sales based on West Germanology but sold through have been bought by Chi Iraq, Lebanon, South Af Syria, the institute says. Many has also filled or small workshops from Abu Kuwait and Bahrain.

Traditionally, the gov has been less rigorous in its pretation of what consti area of tension on sales vessels. Now Mr. Wischniewski suggested that the gov would like to loosen its d in general, saying that it constantly revised in relief events. By his definition Arabia is not an immediate part in the Middle East and West Germany has re concerned about Saudi security.

3 More Blindings Admitted in India

The Associated Press

NEW DELHI — Officials in India's troubled Bihar state have admitted that three more prisoners awaiting trial on criminal charges had been deliberately blinded by police in an anti-crime drive last year, the United News of India reported.

The agency said Saturday that this raised to 36 the number of suspected criminals blinded with needles and acid by police in Bihar's Bhagalpur county, 310 kilometers (192 miles) northeast of Calcutta. The blinding scandal caused a furor in India's Parliament recently.

A Bhagalpur police official said that authorities have filed criminal charges against some policemen whom the three prisoners accused of taking their sight.

Nkomo Gets Demotion

(Continued from Page 1)

removed because of the murder incident, noting that Mr. Tekere was acquitted. The ousted minister was freed on the basis of a now-repealed immunity law imposed by the white government of Rhodesia to protect officials involved in killing guerrillas or their supporters.

Mr. Mugabe also announced that Emmerson Mnangagwa, the minister of state in the prime minister's office, would be put in charge of integrating the armed forces.

This meant that Mr. Mugabe, who also serves as defense minister, was appointing a civilian to at least temporarily replace Lt. Gen. Peter Walls. Gen. Walls, who commanded the Rhodesian forces and was retained by Mr. Mugabe in the same post, has been barred from the country after criticizing the government and disclosing that he had plotted a coup before the February elections that brought Mr. Mugabe to power.

Philippines Floods

United Press International

MANILA — Heavy rain on the southern Philippines for the last 18 days has caused at least 23 deaths and \$7 million in damage, relief officials said Sunday. Flooding and landslides have cut off stricken areas from rescue teams trying to bring in fuel, medicine and food.

Advertisement for Ballantine's Scotch Whisky. The image shows a bottle of Ballantine's Scotch Whisky next to a glass of whisky. The text reads: 'The Great Scotch is part of it. The more you know about Scotch, the more you like Ballantine's.' There is a signature 'J.P. Martin' at the bottom.

General Percy Expects Few Difficulties with Conservatives on Foreign Policy

Charles Mohr
New York Times Service
WASHINGTON — Sen. Charles Percy, a new chairman of the Senate Foreign Relations Committee, says he expects few difficulties with conservatives in administration and in Congress.

Perceived the concept of military victory and had recommended a series of unilateral cease-fires, bombing pauses and offers to negotiate.

Subsequently, Sen. Percy opposed President Richard Nixon on several vital, highly sensitive issues, including the nomination of two conservative Southerners to the Supreme Court, the antiballistic missile program and policy in Southeast Asia and Chile. Sen. Percy introduced a Senate resolution calling for a special prosecution in the Watergate scandal and was generally critical of Mr. Nixon's conduct in that matter.



Sen. Charles Percy

Abscam Conviction for 5th Congressman

Recalling the more than five hours of deliberations, Mrs. Lipton said, "Someone suggested that even if he took the money, he could have contacted the FBI to report what was going on, but he didn't. The clincher was when the two FBI agents went to visit him at his home and he lied through his teeth."

Another juror, Martin Koenig, an engineer, said the jury believed at the start that Rep. Lederer was "honorable and had not done this before. But he apparently knew what he was doing this time. It may have been his one mistake, but he got caught... There was a lot of sympathy for him, but that's the law."

Entrapment, according to legal specialists, is the inducement or encouragement of an individual to engage in illegal activity in which he would otherwise not be disposed to engage. Judge George Pratt told the jurors that they would have to decide if Rep. Lederer was "predisposed to commit the crimes with which he was charged."



Rep. Raymond Lederer

On Wednesday the judge presiding in Washington at the Abscam trial of former Rep. Kelly privately told lawyers in the case that the undercover operation "has an odor to it that is absolutely repulsive."

Mr. Nathan said that under these guidelines, the Abscam operation would have been "essentially the same," although there might have been "certain refinements and improvements in procedural matters."

The New Jersey prosecutors were unhappy with the use of a convicted con man, Mel Weinberg, to "put words in people's mouths."

which he agreed to accept a substantial concealed interest. The June 23 meeting in Washington was attended by Sen. Williams, Mr. Weinberg and Mayor Angelo Erichetti of Camden, N.J. According to sources familiar with what happened, Mr. Weinberg told the senator that when he met the sheikh later in the day: "You got to stress upon how important you are — you're positioned in the Senate... You're the important man. You got to tell him how important you are, who you are, what you can do — and you tell him in no uncertain terms, 'Without me there is no deal, I'm the man who's going to open the doors.'"

Experts Expect Simpler Regulations Tax Cut Seen for U.S. Citizens Abroad

By Sandra Salmans
New York Times Service
NEW YORK — For the 2 million U.S. citizens who live overseas, the pro-business approach expected of the Reagan administration could be especially important.

Without exception, experts in the accounting profession and industry lobbyists are predicting that the new Congress will enact legislation easing the taxation of Americans who live and work abroad. They predict that the legislators may throw aside a complex set of country-by-country deductions they laboriously produced just a few years ago in favor of a policy similar to the more generous regulations that they replaced.

The problem for those living abroad — and their employers who, in most cases, assume most of the tax burden — derives from a reformist move in Congress to equalize the taxation of Americans at home and abroad.

Under the current law, a taxpayer's cost-of-living differential from his income, one in some of the more primitive Brazilian states such as Bahia does receive a \$5,000 hardship deduction.

Recapture of 3 Weeks

Recapture of 3 weeks of time lost in the week-end and protracted trial.

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Germany Arms Sale

Germany arms sale to West.

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Asks Barring Widows' Suits

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India Mob Catches, Kills Armed Robbers

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U.S. Study Backs Critics Of Coal Mining Controls

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5 Guatemalans Slain In Political Violence

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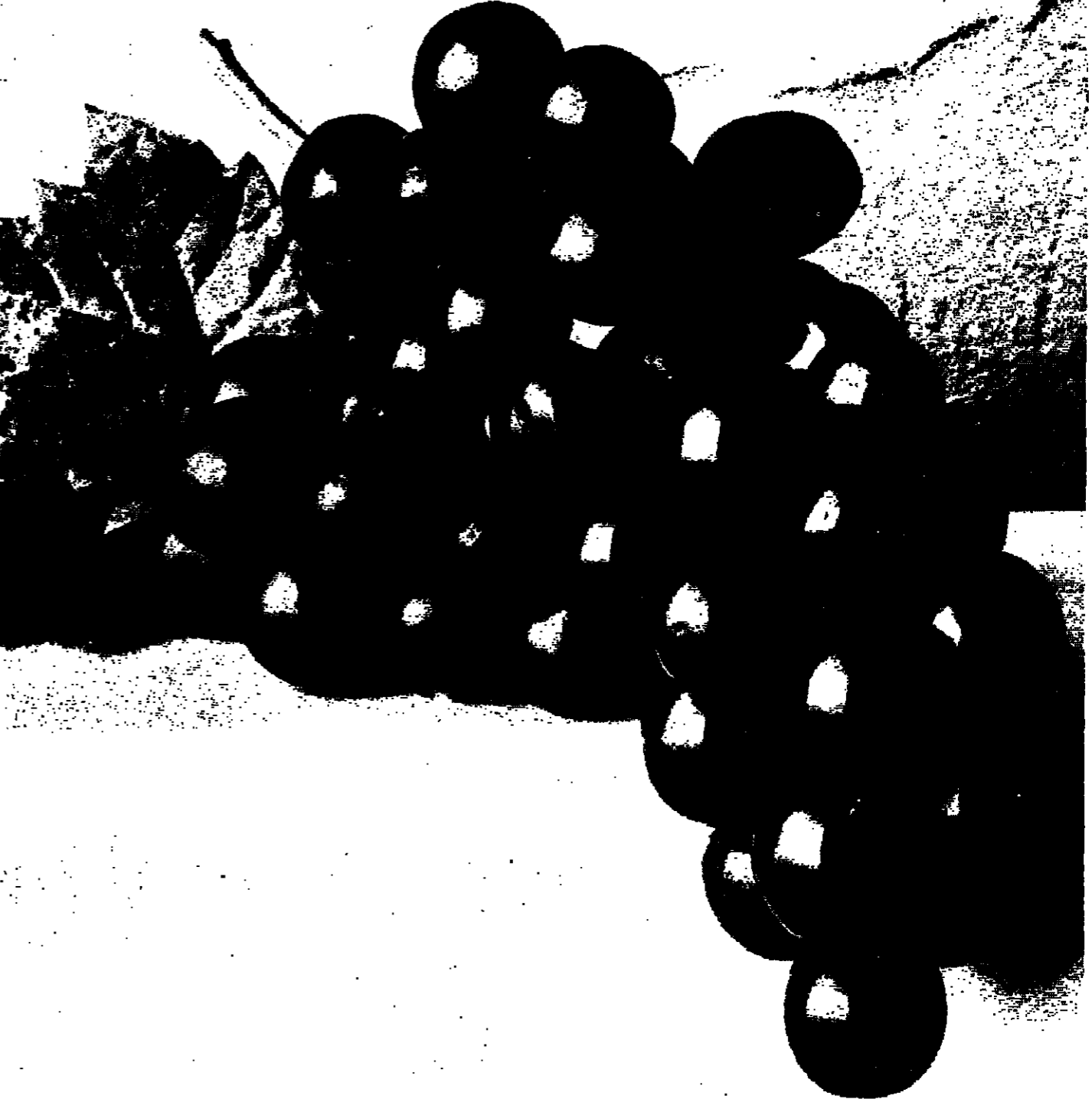
Grapes need careful tending, as any wine lover and vintner knows.

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Rhône-Poulenc. The skin specialist.

Rovral, a fungicide discovered by Rhône-Poulenc, can prevent fungus from developing on grapes or other fruits and vegetables.

Anatomy of a Swelling Military Budget

Price of Basic U.S. Defense Philosophy Rises

By Richard Halloran

WASHINGTON — When President Carter sends his final military budget to Congress this week, it will call for spending almost \$200 billion in fiscal 1981, up from the previous year, and will provide for further increases that will result in spending more than \$1 trillion in the next five years.

It is equally certain that the Republicans, taking office on Jan. 20, will cheerfully promise to add more to those totals. And the Congress, which voted \$6 billion more than Mr. Carter asked for last year, is already charged up to do its part in expanding the military budget. The question, then, is not whether, but by how much, the budget will swell.

The consequences for the taxpayer and the economy in general will be mixed at best, but for businesses large and small, the prospective increases mean a surge in sales.

Long-Range Bomber

The expanding hardware sales could also mean more F-14 Tomcat fighters from Grumman in New York, more Black Hawk helicopters from United Technologies Sikorsky operations in Connecticut and more XM-1 Abrams tanks from Chrysler in Ohio. The Republicans have said they want a new long-range bomber to replace the aging B-52s and the B-1 that Mr. Carter killed early in his presidency. That could mean lucrative contracts for Boeing or the North American division of Rockwell, both on the West Coast.

There is much more, however, than big benefits to a few large companies. Less glamorous items covered in the budget under "operations and maintenance" will be going up faster than hardware. More than \$60 billion will go into more fuel for planes, trucks and ships plus everything from grease to paint to bullets to socks and boots — good news for hundreds of smaller companies.

Then too, Mr. Weinberger and other Republicans have suggested pay increases to induce men and women to stay in the armed forces, as well as restoring the GI Bill of Educational Benefits.

In all of the outcry for raising spending, most people simply talk of overall increases. Only a few have held up hands of caution. Some point out that, since Vietnam, the United States has lacked a cohesive military strategy to govern the expenditure of military funds. Instead, Americans have argued over the draft, the state of military readiness and the basing of the mobile missile called MX. That, say the critics, leads to spending money without knowing precisely why it is being spent.

Policy by Calculator

"This frantic game of bidding up percentage points is a deeply flawed analysis of needs," said Sen. Edmund Muskie last winter, when he was chairman of the Senate Budget Committee. "In fact, it is no analysis at all. We must begin to solve our military problems by asking the right questions — questions about the ends we want to achieve and the means required to achieve them. Beware of the practitioners of statecraft who design his policies on a calculator."

"More funds will provide a better defense only if the money is spent for the right things," added Sen. Gary Hart, D-Colo., who has won a widening reputation as a thoughtful critic of the nation's military policies.

A few organizations such as the Center for Defense Information, led by retired Rear Adm. Gene LeRocque, or the Boston Study Group, an informal association of scholars, have argued that the expenditures are not necessary and detract from pressing social or economic needs.

Moreover, Mr. Reagan and his close advisers have still not convincingly shown that they can juggle military spending, cut taxes and balance the national budget within the relatively short space of four years — and get inflation under control.

Room to Grow

But those objections seem to have been brushed aside. The advocates of a great leap upward in military spending point to more than a decade of expansion of Soviet military power and to the erosion of U.S. military programs caused by inflation. Then, too,

they argue that military spending, as a part of the gross national product, has room to grow.

For the 15 years of peace and war from 1956 through 1970, for example, national defense consumed an average of 8.3 percent of GNP. Since then, it has declined steadily each year, to 5.2 percent in both 1979 and 1980. The prospect today is for a sustained growth toward 6 percent.

Another factor often cited is that the Soviet Union was moderating its military forces while the United States was spending billions of dollars to conduct the Vietnam war. The net result: The Soviet Union has plenty to show for its expenditures; the United States burned up billions in the jungles of Indochina.

The reasons that defense costs so much, however, are more complicated than that. They range from the fundamental way that the United States defends itself, to a

variety of domestic political motives, weaknesses in the nation's industrial structure and military waste.

The U.S. Armed Forces cost more than they otherwise might because Americans have chosen to defend themselves as far from their own shores as possible. In each of World War I, World War II, the Korean War and the war in Vietnam, U.S. forces moved farther away, across the Atlantic and Pacific oceans that Americans have always perceived as two great moats protecting the country. Only the nuclear deterrent remains based primarily within the United States.

It is an expensive approach. To airlift and supply a lightly armed combat force of 625 men to Egypt in the recent Bright Star exercise of the new rapid deployment force cost \$25 million for less than two weeks — about \$40,000 a man. In contrast, the Soviet Union since

World War II has sent forces to Hungary, Czechoslovakia and Afghanistan, all of which are, literally, a truckride away.

Moreover, Americans have elected to spend treasure rather than blood, in defense, relying increasingly on advanced — and expensive — technology. An F-15 fighter is priced at \$17 million per plane; each of the new XM-1 tanks costs \$1 million; the Aegis cruisers under construction will cost close to \$1 billion apiece. Perhaps most stunning, one round of ammunition for a standard anti-tank gun costs \$5,000.

By contrast, the Soviet Union makes more, simpler and cheaper weapons and maintains a military force twice the size that of the United States, with a willingness to suffer much higher casualties.

Intelligence gathering is also costly for the United States because the Soviet Union and other potential adversaries are closed so-

cieties. That means relying on expensive satellites for photographs and sensors, on an elaborate network of electronic listening devices, on a variety of high-priced reconnaissance planes and ships.

Expenditures for military forces, whether well conceived or not, have become a barrier to display national determination. "The military budget is no longer a component of foreign policy — it is its very symbol," as Robert Bresler, a political scientist at Penn State, has said. Secretary of State Muskie has had plenty of company among both Democrats and Republicans in calling for strategy before spending. But so far, that appears to have fallen on deaf ears.

Industrial Weaknesses

According to Secretary of Defense Harold Brown, perhaps \$5 billion a year could be cut from the military budget if congressmen voted for the national interest rather than the economic interests of their districts.

Pick up any newspaper or news magazine these days and the chances are good it will contain a report on a military cost overrun, a delay in deliveries, a case of faulty workmanship.

Recently, for instance, the General Dynamic's Electric Boat Co. in Groton, Conn., was publicly flayed because of delays in delivering its first Trident ballistic missile submarine. A subcontractor had failed to deliver steel that fit specifications, inadequately trained workers did poor welding and technicians installed pipes and valves improperly.

Much of the high and rising cost of weapons in military equipment is rooted in the same industrial weaknesses that cause high and rising costs in civilian products: outdated manufacturing facilities, low productivity, inadequate quality control and poor workmanship.

But peculiar to the defense industry is the practice of using the same contractor to both design and produce a weapon. That leads, according to congressional investigators, to designers rendering optimistic reports on developmental progress so that a production contract will result.

Defense industrialists complain that government overregulation hinders them even more than civilian industry and thus drives up the cost of arms.

Military Waste

The procurement policies of the government, many of which are set by Congress, are a particular target of criticism. Stretching out orders over several years — ostensibly to keep down the military budget — only precludes economies of scale and causes higher per unit costs. Defense contractors further point out that repeated changes in design, mandated by the military, "drive up prices."

"The Pentagon," says a congressional student of the Defense Department, "is the world's largest nonprofit organization." He and others contend that Pentagon officials, from top to middle management, have little incentive to save money. If they do, Congress will only take it back and cut their personal careers will suffer.

If an officer saves money on one weapon or program, there is practically no way that his service can use that money elsewhere for more ammunition, extra equipment or an additional training exercise. So the drive is to get as much as possible for each category of spending.

In a bureaucracy as large as the military establishment — covering 3 million uniformed and civilian people — waste seems inevitable. An estimated \$3 billion a year is spent just on moving people from one station to another.

The failure of Western Europe and Japan to carry a proportionate share of the Western world's military burden is a clear source of irritation in the United States. As a rough guide, while the United States has been spending its 5 percent and more of GNP on defense, the 13 allies in the North Atlantic Treaty Organization spend an average of 3 percent.

The Carter administration succeeded in extracting a pledge from the NATO allies that each would increase military spending 3 percent a year, after the effects of inflation (compared with the 4.5-percent real growth implied in the expected Carter budget). But few have done so.

"No American government, and still less the American people or the American Congress," Mr. Brown has warned, "are going to accept a situation in which some other country feels that it's our job to defend them and they needn't bother to defend themselves."

Unions of West, ASEAN to Meet

SINGAPORE — Trade unions of the Association of Southeast Asian Nations set up a committee Sunday to prepare for economic cooperation with workers' organizations in Western Europe.

An official of the ASEAN Council of Trade Unions said that the panel would hold discussion with unions of members of the European Economic Community, probably at the end of the year.

The discussions would be within the framework of an ASEAN-EEC ministerial declaration early last year calling for closer economic cooperation. Representatives of four members of ASEAN — Thailand, Malaysia, Singapore and the Philippines — attended the meeting. The fifth, Indonesia, was kept informed of discussions.



NEW OFFICE — President Carter, his brother, Billy (center) and appointment secretary Phil Wise look over furnishings from the house of Lillian Carter, the president's mother-in-law. He will be using the house as an office after he leaves the presidency this month.

Bitter Split Prevents Sustained Attack on Thatcher

Crucial Challenges Face U.K. Labor Party

By William Borders

New York Times Service

LONDON — The British Labor Party is heading into what could be one of the most crucial years in its history as badly divided as ever.

Members of the left wing are dissatisfied with what they see as a drift away from pure Socialism, despite the recent accession of Michael Foot, one of their heroes, to the leadership. At the same time, members of the right wing are threatening to leave because of what they see as a sharp and undemocratic move to the left.

On all sides are members who bemoan the party's inability, because of the internal squabbling, to mount a sustained attack on the Conservative government of Prime Minister Margaret Thatcher, whose economic policies, they believe, should make her politically vulnerable at this time of severe recession.

"The major task facing Labor in the coming year," Mr. Foot said in a New Year's message, "is to refute the wicked lie that there is no alternative to chronic unemployment in Britain's present economic climate."

Immediate Task

But it is generally conceded, both within the Labor Party and outside it, that a more immediate task for the party is to pull itself together, and that if it does not, a long period in the opposition — or even ultimate disintegration — will be its fate.

Mrs. Thatcher, who has been in office for a year and a half, will be reaching the midpoint of her term this year. Though the Conservatives' mandate lasts until May, 1984, an election somewhat sooner appears likely.

Despite Mr. Foot's brave talk about the "full, wide-ranging Socialist program for lifting the curse of unemployment" that he said would soon be introduced by a Labor government, it is far from certain who the leader of the party will be in the immediate future or even how he will have been selected, much less what policy will be.

Mr. Foot, who is 67 and has been in poor health, is not regarded as a long-term leader though he has vowed to lead the party into the next election.

"At a tumultuous national convention last fall delegates split bitterly over proposals to change the method for selecting the leader, who, under the parliamentary system, is the person who becomes prime minister if the party wins control of the House of Commons.

Who Controls the Party

The left wing wants to change the rules so that the caucus of Labor members of Parliament, who now make the choice, will yield some of that power to the trade unions and the local party organizations. The dispute, which goes to the heart of the issue of who actually controls the party, is to be taken up at a special meeting Jan. 24. There are increasing indications that after the meeting a section of the right wing will leave to form a party more in the mainstream of European Social Democracy.

"I have not changed but the party has," explained former Education Minister Shirley Williams, a leader of the dissident group, which is thought to have the sympathy of several dozen Labor members of Parliament. Setting the stage for an open break, Mrs. Williams announced at the end of November that she would not be a Labor candidate in the next election because "I cannot honestly support and defend" the party's policies. She mentioned not only "the threat to representative democracy" in the proposed rules

changes but also moves in the party in favor of withdrawing Britain from the European Economic Community and weakening its commitment to NATO.

A recent Gallup poll indicated that a third of the electorate either probably or definitely would vote for a new centrist party, especially if Mr. Williams headed it.

Another prominent Labor dissident, David Owen, a former foreign secretary, declined for reasons similar to Mrs. Williams' to run last month for a place in Mr. Foot's shadow cabinet. Former

Transport Minister Rodgers, though elected body, declined to accept a post in Mr. Foot's cabinet.

In each of the last two elections the Labor Party has fewer than 40 percent of and its organization has eroded. Moreover, although had its roots in the movement early in the opinion polls and analytical voting statistics inside the party can count less on the automatic allegiance of members.

Pope Appeals for Release of Kidnapped Magistrate

Rome

ROME — Pope John Paul II appealed to the Red Brigades Sunday to free kidnapped Rome magistrate Giovanni D'Urso as police hunted a criminologist professor suspected of being a key figure of the urban guerrilla gang.

"I ask God to make the minds of those holding this man reflect on the gravity of their action and to listen to the sense of humanity which cannot be dead in their hearts," the pope said. "I ask you to join my prayers so that magistrate Giovanni D'Urso can be returned as soon as possible to the care of his beloved ones."

The papal appeal was made 18 hours after the Red Brigades threatened to kill Mr. D'Urso unless Italy's main newspapers published statements from jailed guerrillas within 48 hours. The newspapers immediately refused.

The ultimatum was found minutes after magistrates issued an arrest warrant for Florence university professor Giovanni Senzani, 38. Rome magistrate Domenico Sica told reporters he believed that the professor was the Red Brigades emissary who organized an interview with the guerrillas for the Italian weekly L'Espresso.

Two of the magazine's journalists were subsequently arrested on charges of complicity and giving false testimony.

Mr. Sica said he also suspected that the professor was the man who interrogated Mr. D'Urso. The

interrogation, also published in L'Espresso, included questions about Justice policy on maximum security.

Judicial sources said Senzani, in his capacity as criminologist and sociologist, access to maximum security and urban guerrilla prison sources said that three years ago he attended an international logical congress in Sicily with three Italian judicial officials, Girolamo Tarraghi, Domenico Paoletta, who was murdered in separate attacks.

The professor, who is 67, Florence until last month after the controversial interview, published days ago.

Mr. D'Urso, a senior Justice Ministry in prison transfers, was kidnaped by the Red Brigades four years ago as part of their campaign to free Italy's security jails, who hundred of their men held.

Every leading Italian newspaper Sunday that despite feelings of solidarity with D'Urso's family they gave in to guerrilla demands.

Only the Socialist Party's Avanti and several newspapers have published statements, in which guerrillas in Trani and Palmi claimed an insurrection against the state.

Leaders Reported to Favor Letting Mao's Widow Live

By Raymond Wilkinson

United Press International

PEKING — After a bitter and protracted dispute, a majority of China's leaders appear ready to spare the life of Mao's widow, Jiang Qing, when she is sentenced shortly on charges of treason. Chinese sources said Sunday.

A likely compromise, long under review, would be a death sentence suspended for several years, a common practice in the Chinese legal system.

Miss Jiang and nine other defendants were scheduled to hear the verdicts and sentences against them at the end of last week, according to the Chinese sources and diplomats. But the decision was again postponed because of the debate within the leadership on how exactly to deal with Miss Jiang, officially portrayed as the "most evil woman in the world" who helped instigate and direct many of the worst atrocities of the Cultural Revolution.

Swing of Opinion

China's most powerful leader, Deng Xiaoping, denounced Miss Jiang as a woman "so evil, not enough evil can be said about her." Proponents of the death penalty argued that in a country where robbers and rapists are routinely executed, Miss Jiang's crimes were far worse and she could not be allowed to escape the same fate.

But the Chinese sources said that some Chinese leaders had now apparently swung the other way and it appeared that a majority favored sparing Miss Jiang's life. Trial hearings ended two weeks ago but, after the latest postponement, it was when the 10 defendants went to the court for the last time though it was likely to be time this week.

All will undoubtedly be guilty. Eight of the accused their crimes in varying lengths though enough to will never again be free. A major problem remains Jiang's fate, an issue so domestically that it was leaders rather than the judges who were deciding do with her.

In her last courtroom appearance, Miss Jiang denounced her counter-revolutionaries leaped them to sentence death and screamed, "I afraid to die."

The compromise formula help the leadership solve the problems it created for the case of Miss Jiang, as maintain a facade of upholding Miss Jiang in jail, counter any attempts by her porters to make her a martyr more quickly. But with a sentence pending, the less could argue that she was being favored treatment.

MEMORIAL NOTICE

A Memorial Service will be held at the American Cathedral on Friday January 30th at 12:30 in memory of Mrs. Richard LOUN

Reagan Team Reportedly Divided

Air Force Proposing Cost Trim for MX

By Robert C. Toth

Los Angeles Times Service

WASHINGTON — The Air Force has devised ways to trim \$1 billion from the \$34-billion cost of the MX missile in an effort to make the controversial weapons system more palatable to the incoming Reagan administration, according to Air Force officials.

"We've come up with some very reasonable modifications that we think will make the system more efficient, cheaper and less complex," Lt. Gen. Kelly Burke, deputy chief of the Air Force for research and development, said in an interview.

One change would eliminate the manhole-like "SALT ports" in the missile's 4,600 horizontal shelters, through which Soviet satellites could verify compliance with arms treaties. Another would link several of the 23 shelter clusters together rather than keep them separate.

Alternate Plans

After analyzing various alternate plans proposed by the Reagan transition team at the Pentagon, the Air Force concluded that its plan still is the best one, said Brig. Gen. James McCarthy, Gen. Burke's assistant for the MX program.

"But I don't know if we've convinced the transition people about that," he said, "or whether the cost savings, which approach \$1 billion, will satisfy them."

Considerable doubt has been raised about the transition team, according to sources, because of a dispute between the team's leader,

William Van Cleave, and the incoming secretary of defense, Caspar Weinberger.

The sources said that Mr. Van Cleave strongly opposed Mr. Weinberger's choice of Frank Carlucci, now deputy director of the Central Intelligence Agency, to be deputy defense secretary. Mr. Van Cleave reportedly wanted the job himself. He also was said to have objected to what he regarded as Mr. Carlucci's role in downgrading U.S. intelligence capability. As a result, Mr. Van Cleave is unlikely to get any Pentagon job now, sources said.

Number of Options

Mr. Weinberger, at his confirmation hearing Tuesday, expressed support for building the 10-warhead MX missile to counter Soviet missile gains, but he said he intended to examine a "wide number of options" on where and how the missiles should be based.

The Air Force looked at 35 basing plans before it arrived at its current recommendation for deploying 200 MX missiles in a mobile configuration — one missile to be moved among 23 shelters — in the desert of Utah and Nevada.

The alternative plans, analyzed at Mr. Van Cleave's request, and the Air Force's findings, were:

• Vertical silos for the MX, rather than horizontal shelters. This would be marginally more expensive, Gen. McCarthy said. More significantly, it would more than double the time required to move the missile from one shelter to another from perhaps 20 minutes to about two hours.

Concrete Plans

Half of the \$1 billion that the Air Force would save by MX modifications would come from eliminating the two "SALT ports" now designed into each of the 4,600 shelters. Each port is a huge, 6-foot-diameter concrete pipe weighing many tons. It fits tightly into the cylindrical missile shelter, which itself is buried under tons of earth. The saving per shelter would run to \$100,000, or about \$460 million for the system, Gen. McCarthy said.

A similar amount would be saved by connecting two, three or four of the 23-shelter clusters, he said. This would reduce the number of maintenance and repair facilities and the number of missile transporters in the system, among other things.

Eliminating the "SALT ports" could raise verification problems under arms treaties. But the Air Force believes that these can be solved by counting the MX missiles at their assembly plant rather than in their deployed positions, much as missile-carrying submarines are now counted as they slide down construction ways rather than on station in mid-ocean.

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Carlucci Named to Postition

Weinberger Gets His Choice as Deputy

By Robert Reinhold

New York Times Service

WASHINGTON — Caspar Weinberger, designated as secretary of defense by President-elect Reagan, has apparently prevailed in an internal struggle over the control of the Defense Department as the Reagan transition office announced that he would get his choice for deputy secretary of defense, Frank Carlucci.

Conservative opposition to Mr. Carlucci, now deputy director of the CIA, had earlier prompted Mr. Weinberger to tell Mr. Reagan that he would not serve in the Cabinet unless he could name his own deputy.

A career civil servant, the 50-year-old Mr. Carlucci had previously served as assistant to Mr. Weinberger when the latter was head of the Office of Management and Budget and secretary of health, education and welfare under President Richard Nixon. Mr. Carlucci was named ambassador to Portugal by President Ford and was appointed to the No. 2 post at the CIA by President Carter in 1978.

The rift over Mr. Carlucci's appointment was the focal point of a broader struggle within the Reagan camp over control of the defense budget and staffing policy. Some close advisers to Mr. Reagan insisted that second-level appointments should come from lists of Reagan loyalists. Also, conservatives argued that Mr. Carlucci had little experience in defense matters and had helped weaken the CIA under Mr. Carter by shutting down some covert operations.

Mr. Carlucci's government service dates back to 1956, when he served as a foreign service officer in Zaire. He was also consultant-

al in Zanzibar and counselor for political affairs in Rio de Janeiro.

Opposition to the appointment came not only from longtime Reagan advisers like William Van Cleave, who headed the Pentagon transition team until Mr. Weinberger dismantled it, but also from conservative lawmakers like Sen. Jesse Helms, R-N.C.

Reagan insiders say that Mr. Weinberger is likely to have his way on most other appointments at the Defense Department.

Black Journalist Gets Ban Order In South Africa

The Associated Press

JOHANNESBURG — Three leaders of South Africa's black media workers' union have been placed under virtual house arrest after a two-month strike ending late last month that closed three newspapers.

A three-year banning order was imposed Friday on Mathatha Tsetu, secretary of the Media Workers' Association of South Africa in the Northern Transvaal region. Bans had previously been imposed on the union's president, Zwelakhe Sisoni, and Martinus Mabasa, regional secretary for Natal province.

The banning order is a type of house arrest that restricts a person to his home during evenings and weekends and forbids him to meet more than one other person at a time. It is commonly used by the white-minority government against black critics, and reasons for the imposition of a ban are never given.

Mr. Tsetu, a reporter on the black-circulation Johannesburg Post, has been restricted to the Sebese district, about 288 kilometers (180 miles) northwest of Johannesburg. The union has protested the banning, saying the intention is "to destroy Mwaaba by picking at the leadership."

Marchais Leads Demonstration on Immigrant Policy

Reuters

PARIS — French Communist leader Georges Marchais led 5,000 demonstrators through the working-class suburb of Vitry Saturday in support of refusal by Vitry's Communist municipal council to accept more immigrant labor.

On Christmas Eve, Communist militants bulldozed and ransacked a hostel in Vitry intended for laborers from Mali, setting off a nationwide controversy in which opposing political parties accused each other of racism.

2 Belfast Policemen Injured in Shootings

The Associated Press

BELFAST — Gunmen in separate attacks shot and wounded two policemen on night patrol here, police reported. One is seriously ill with head injuries, the other was not badly hurt, a spokesman said.

The shootings occurred Saturday. The Irish National Liberation Army, a splinter group from the Provisional wing of the Irish Republican Army, claimed responsibility for the first shooting.

Geneva Penta Hotel advertisement. 2 minutes from Airport, 320 rooms fully equipped. Avenue Louis-Casal 75-77, 1218 Cointrin-Geneve, Tel. 022/98 47 00.

Handwritten signature or mark at the bottom center of the page.

Qadhafi's Imperial Dream

Libya's Col. Moamer Qadhafi is usually called mercurial, impulsive, volatile—and so he may be. But he is more than an enfant terrible. He has visions of empire for his Socialist People's Libyan Arab Jamahiriya. When he speaks of the Arab world, there is no doubt who he thinks is its ordained leader. And there are intimations of a bolder dream: an Islamic empire spanning the Sahara, with Tripoli its Rome.

Only last week, Libya unilaterally announced a "merger" with neighboring Chad, a vast country that Col. Qadhafi reportedly sees as Libya's "vital living space." A former French colony, Chad is now among the world's poorest countries. But its desert wastes are said to contain uranium and it is wedged between Africa's chiefly Arab north and black south. Chad has been beset by a long civil war that at one point brought French military involvement. In recent months Chad's Moslem-led government has turned to Libya for military help. With a foothold in Chad, the colonel is now poised for adventure elsewhere.

Libya has sufficient assets: a Soviet-stocked arsenal, a treasury swelled by rising oil prices, and a revolutionary Islamic ideology. But resistance is building, and alarms have begun to sound in black Africa. The Organization of African Unity will meet this

week to discuss Libya's actions in Chad. But other Third World nations are skittish about criticizing misbehavior in their "own" camp, and so Libya continues to poke around, largely unimpeded, in search of allies and, probably, conquests.

There is a flaw, however, in the Qadhafi design. The colonel may have imperial aims, but he is deeply mistrusted by most Arab leaders and is considered odd by many Arab followers. Libya, for all its wealth, is sparsely populated and its economy depends on European expertise. Army intrigue is incessant, despite repeated purges. Once before in Africa, Libyan soldiers stumbled ingloriously, unable to save Uganda's Idi Amin.

Paradoxically, the more the colonel seems to succeed, the more resistance he will face. Paris sharply protested the alleged merger with Chad, reinforced its own African garrisons and put off an oil exploration project in Libya. Nearby Egypt has already had one military brush with Libya, and powerful Nigeria now seems to be losing patience. Even Libya's sometime friend, Algeria, is unlikely to remain passive about further Libyan conquests. Fortunately, Col. Qadhafi has probably made enough enemies near home to counter his imperial ambitions.

THE NEW YORK TIMES.

Enigmatic China Policy

Clever, those Chinese. They have now split the old "China lobby," more recently known as the Taiwan lobby, meaning those Americans who favor a special relationship with Taipei over one with Peking. The Ray Cline branch—he is the Reagan-connected Taiwan hand who was savaged again by Peking only Saturday—remains unreconstructed. The Anna Chennault branch, however, is in camp. The Chinese-born Washingtonian spoke out sharply against the U.S. normalization of relations with the People's Republic in 1978, but barely a week ago she was in Peking gently lauding the virtues of the "open mind." Given her political history and her high standing in both Nationalist circles in Taiwan and Republican circles in Washington, her visit produced as interesting a flurry of speculation as the transition has so far seen.

But she was not the only special visitor to Peking. Sen. Ted Stevens, R-Alaska, who flew with Mrs. Chennault's late husband in World War II, also was there. At a press conference, he invited the Kremlin to understand that his visit was "not accidental... I think we are seeing a new attitude of the Soviet leaders [in Poland, Vietnam and Afghanistan], and they have to understand there is a new generation in our country dealing with problems related to them." He could not rule out sales of lethal military equipment to China, he said. The Chinese have spent the last

four years importuning the Carter administration to stand up more resolutely to the Kremlin. Presumably they would be as pleased to buy those arms as the Russians would be angry and alarmed.

The real Peking enigma, however, remains Ronald Reagan, a supporter of the China Taiwan lobby for decades. In August he eased off his threat to restore "official" relations with Taiwan; that would freeze relations with Peking instantly. But he has coolly refrained from reaffirming the Nixon-Chou Shanghai communique, the basic text of U.S.-Chinese reconciliation. Just how the president-elect will interpret the command of the Taiwan Relations Act—its tricky to have a law laying down U.S. policy—to arm and otherwise protect Taiwan is unclear. Nor is it certain how he will fit China into his basic policy of containing Soviet power. Arms sold to Peking for that purpose could, theoretically, embolden China to threaten Taiwan. Not selling arms could have its own fallout. Until now Mr. Reagan has merely spoken words about China, and Saturday Secretary of State-designate Alexander Haig added his own. The general showed a sure grasp of the possibilities and the pitfalls, while making it clear that he has yet to go deeply into the subject with the president-elect. All the hard policy choices lie ahead.

THE WASHINGTON POST.

Turning the Illegal Tide

At last, the United States seems to be getting somewhere in the tormenting effort to reduce illegal immigration.

To some people, the numbers are so alarming they are ready to close the Golden Door with a slam. Others, for whom immigration means infusions of energy, resist closing it at all, even to illegal migrants. Still others, and we count ourselves among them, advocate keeping the Golden Door open—while shutting the back door.

Whatever one's view, the debate so far has been sterile. How can one seriously argue whether to increase legal immigration by 80,000 or 250,000 when maybe 6 million illegal aliens are already here and thousands more are coming daily? There can be no sensible policy without the means to enforce it.

The good news is that, after 19 months of work, a blue-ribbon federal commission took two final votes that, taken together, will vitalize the debate. If Congress goes along, a humane and consistent immigration policy will not be far behind.

In the first, more important decision, the Select Commission on Immigration voted 14 to 2 for something called employer sanctions. It was, in simpler language, a resounding vote against hypocrisy.

At present, the United States says to the Immigration Service: patrol the border, conduct sweeping raids—keep the illegals out. But the message to employers is a big wink: even if we catch illegals working for you, they're culpable, not you. So the economic magnet continues to draw thousands. The Border Patrol, understaffed by budget-cutters and undermined by employers, is dispirited, and small wonder. If Congress now in fact makes employers culpable for hiring illegal aliens, that alone would be a strong deterrent.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

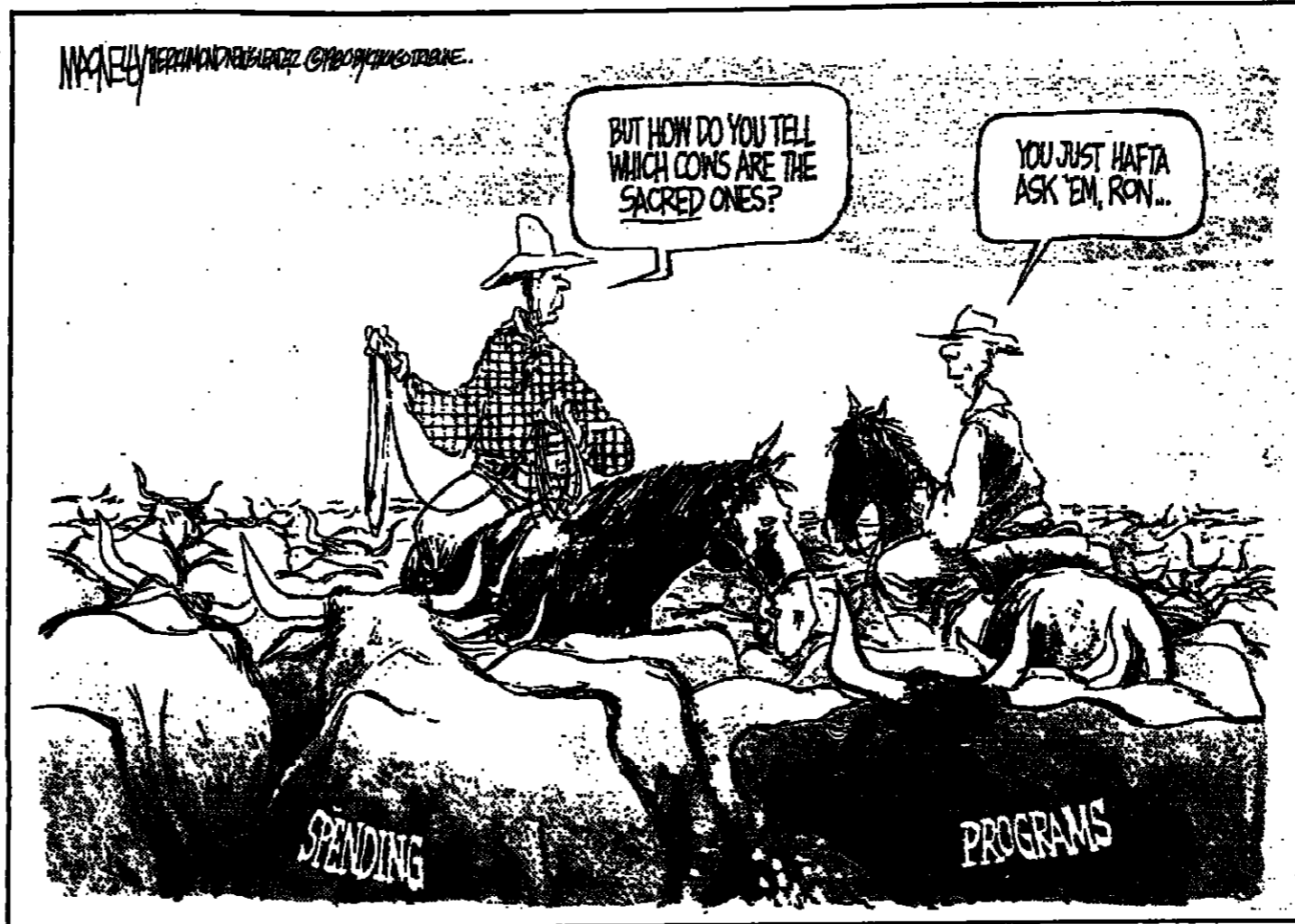
January 12, 1906

NEW YORK — In the past fiscal year four million gallons of wine from France was imported into the United States in casks. By the metric system, which prevails in France, liquids are measured by the liter, which, like all other weights and measures, is based on the meter. But when the wine arrives here it must be measured and computed by our system of gills, pints, quarts and gallons. Duty must be levied under this clumsy system, and the wine distributed and sold under it. The calculations to convert the innumerable parcels making up this volume of wine involve a distinct waste of time and labor, constituting a distinct obstruction to commerce between the two countries.

Fifty Years Ago

January 12, 1931

NEW YORK — Peter McCloskey, giant red-haired bandit recently arrested for terrorizing spooning couples in the Queens district, ran amok when arraigned at the Flatbush court in Brooklyn this morning, wrecked the detention pen, laid low 16 men, tried to set fire to the courthouse, attempted to take his own life and, failing that, finally tried to kill Magistrate Leo Healy with an iron bar, before he was overcome. McCloskey, who stands six feet four inches, and who is made up of 230 pounds of brawn and muscle, was taken into custody several days ago on the double charge of robbery and posing as a policeman. Today he was to tell the judge his side of the story.



Haig: Diplomacy in Military Terms

By James Reston

WASHINGTON — Like an experienced general, Alexander Haig approached his confirmation battle in the Senate with his defenses in good order, and he prevailed by attacking the Democrats and the Russians, two easy targets.

It was a masterful performance. He faced the members of the Foreign Relations Committee with mounds of books and torrents of facts. He had his brother, a Catholic priest, and his lawyer, Joe Califano, at his side—the sacred and the profane—and he had a simple answer to all problems: more military arms!

This argument carried him through, because it is in keeping with the mood of the Congress at the moment. There is agreement here that the republic faces a "present danger"—but no agreement, at least in private, about what that danger is.

Greatest Danger

One view is that the greatest danger lies in the economic disarray of the U.S. economy; that the decline of stability within the free nations is even more of a threat to peace than the alarming buildup of Soviet military power.

The other view, of course, is the opposite: that the "present danger" to the United States lies not within ourselves or our allies, but with the military and political aggression of the Soviet Union. This was Gen. Haig's theme, and there are few members of the Congress today who are willing to challenge it.

In the history of U.S.-Soviet relations since the last world war, there have been few, if any, occasions comparable to the situation that now exists between Washington and Moscow, but there may be one.

In the winter of 1952-1953, after the Democrats had controlled the White House for 20 years, Eisenhower was elected president and Stalin was in the last days of his long, savage domination of Soviet politics.

There are at least some similarities now. The control of the executive branch of the government is about to pass to another Republican president, and the control of the Soviet government is in transition. Leonid Brezhnev, like Stalin at the turn of the year in 1953, is seriously ill. There will be a Communist Party Congress in Moscow next month, when it is expected that new leaders will be discussed, if not selected.

Maybe these changes of personalities in the

White House and the Kremlin make no difference, but maybe they do. Khrushchev was not Stalin's defender but his prosecutor, and Eisenhower, when he was elected, was inclined to take a chance. He was not tormented then by too much knowledge of history and, being sustained by common sense, didn't quite believe that old quarrels between nations, no matter how serious, had to go on forever.

Ike's Way

His simple notion was that, since there were new governments in Washington and Moscow, maybe there could be a new beginning. That was Ike's way. But his secretary of state, John Foster Dulles, thought this was a bum idea, and Dulles, supported by Chip Bohlen although opposed by George Kennan—the two principal Soviet experts in Washington at that time—prevailed.

Ronald Reagan seems a little like Eisenhower—amiable and forgiving—but, also like Ike, a great believer in relying on his Cabinet and White House staff. Therefore, great attention is being paid to the views of Mr. Reagan's nominee for secretary of state, and Gen. Haig

left the Foreign Relations Committee in no doubt about what his views were, with one important exception.

Beyond his insistent emphasis on a military buildup, Gen. Haig had very little to say about the future. He made a persuasive case for his service to the nation over the last 37 years, including his years in the White House, which he invited the senators to study in any way they liked.

But he gave no indications about what should be done about the hostages in Iran, or the Soviet Army in Afghanistan, or the political tangles in Israel, the Gulf, Africa, Asia or Latin America, other than to increase the defense budget, now approaching \$200 billion a year. Nor did Gen. Haig indicate what effect he thought this vast military budget would have on the economic security of the nation.

Arts of War

Maybe this is the new role we must expect from the secretary of state under Mr. Reagan—to concentrate on the arts of war rather than on the arts of peace. He had no other suggestions about how to encourage coexistence between the two major nuclear powers—which is probably the only alternative to no existence. He conceded that an atomic war would be a "disaster," but thought the consequences of failing to face up to Soviet military and political aggression might be even worse and invite precisely the nuclear war everybody was trying to avoid.

The logic of his argument, of course, is that we should have a military draft in the United States, which he didn't mention.

He was an impressive witness, and will, in my opinion, be confirmed before Mr. Reagan takes office on Jan. 20. Even so, observers were left with some serious doubts. He looked in his civilian clothes like a secretary of state—calm, well-informed, respectful of the Congress—but at the same time he sounded a little like Gen. George Patton. It was hard to believe that he was being considered as secretary of state, rather than as secretary of defense or chairman of the Joint Chiefs of Staff. But he has put the Russians on notice. They will have to deal with a secretary of state who, right or wrong, regards diplomacy in military terms.

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The Dilemma of America's Gulf Strategy

By Stephen Klaidman

WASHINGTON — For some time now, strategists have been referring to a Soviet "window of opportunity" between 1981 and 1985. That reflects their judgment that the overall military balance now favors Moscow and cannot possibly be redressed before 1985.

There is disagreement over whether the Soviet Union has an advantage in strategic nuclear weapons, but no one doubts that the Russians are both stronger in conventional weapons and better positioned to deploy them in areas of possible conflict than the United States and its allies.

That means that Soviet troops or their surrogates are free to act in places like Ethiopia, Southern Yemen, Angola, Afghanistan or, potentially, the Gulf. Because of the nuclear standoff, geography and inadequate conventional capacity, the West is in no position to challenge these wide-ranging forces.

Strategic Truth
That is the single most important strategic truth of the decade. Gen. Alexander Haig, Ronald Reagan's choice for secretary of state who is a former NATO commander, said in his confirmation hearings that this was "the most complete reversal of global power relationships ever seen in a period of relative peace."

Gen. Haig added that "the unchecked growth of Soviet military power must eventually paralyze

Western foreign policy." To a certain extent, it already has.

Robert Tucker, in the winter issue of the quarterly Foreign Affairs, writes that, "The fear that was entertained at the outset of the Cold War—that the Soviet Union might succeed in extending its sway over Western Europe—is once again entertained."

The British news weekly, The Economist, refined the point by noting in an editorial last week that, "The line drawn through Europe since 1945 has to be extended southwards into a line which protects the oil-producing Gulf."

The road to the Ruhr, and to Tokyo, lies through the Strait of Hormuz.

Norman Macrae, deputy editor of The Economist, put it even more bluntly:

"Most analysts now believe that Russia would win almost any war against America in 1981-85, and one grimy guess is that in a first strike nuclear holocaust the Russians might kill up to half of the 220 million Americans while losing fewer than the 20 million Russians who died during Hitler's war (from which Russia recovered very quickly)."

Mr. Macrae postulates that Soviet President Leonid Brezhnev's successor might take advantage of the opening by grabbing Iran and

to project its power into the Gulf, but he said the question of basing troops there required more study and was potentially counterproductive.

He's right, of course. At the moment, no Middle Eastern state is really receptive to the idea of basing foreign troops on its soil. Most Arab states are vehemently opposed to the introduction of alien forces into the area.

But at the same time, the U.S. Rapid Deployment Force is obviously inadequate to confront the hundreds of thousands of Soviet troops and thousands of Soviet tanks that could roar through Afghanistan to the oil fields of Iran or the Strait of Hormuz.

That's the dilemma. How can the Gulf be defended short of nuclear war if the Soviet Union decides in the next four years that the game is worth the risk? If the Reagan team has the answer, they have not hinted at it yet.

Caspar Weinberger, Mr. Reagan's choice for defense secretary, called President Carter's pledge to defend vital U.S. interests in the Gulf, "extraordinarily clumsy and ill-advised." But he didn't say what he would do instead.

If the Soviet Union controlled the Gulf's oil, retained its conventional military advantage and its strategic parity, it would come closer to world domination than any nation in history. President-elect Reagan, Gen. Haig and Mr. Weinberger need to tell us what they think about that.

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Letters

Numerical Problem

One would recommend a few years of high school to Samuel Justice, who wrote in the People column (IHT, Dec. 27-28) that the art of Mongolian horsemen goes back to the times of Genghis Khan, about 6,000 years ago.

KATHARINA T. HAHN, Lisbon.

Editor's note: Samuel Justice now knows when Genghis Khan lived, and that he died 754 years ago.

Meat and Guilt

Stephen Klaidman, in his col-

umn (IHT, Dec. 29), asked: "Is the ham, salmon and the champagne cause for guilt?"

Eating meat certainly is. It takes 16 pounds of grain protein to produce 1 pound of beefsteak.

If we, the relatively rich, eat less meat than most grain, in theory, could be provided for the "abjectly poor" of the underdeveloped world.

Gandhi said, "There is enough for every man's need but not for every man's greed."

SUSAN HYNES, Stockport, England.

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Spj i n i t s

Long-Misunderstood 'Productivity' Under Microscope in U.S.

By William Scrinio
NEW YORK — In 1910, each American farm...

per hour of work. By this measure, U.S. private business productivity...

Proposals abound for improving productivity, but their effect has been minimal...

lot of people out of work," said Robert Shrank, a Ford Foundation specialist.

Lagging Gains in Productivity

Table showing productivity gains in percent for Farm and Non-farm sectors from 1960-1965 to 1976-1980.

Maverick Broker Helps Muir Thrive

By Vartan G. Vartan
NEW YORK — Hanging in one corner is a photograph of a mule...



Raymond Dirks

at what they call high-pressure selling tactics of questionable merchandise.

Rush of New Business Shatters Short-Lived 'Window'

By Carl Gewirtz
PARIS — One of those famous "windows" on the Eurobond market...

market, Al Wojnilower of First Boston and Henry Kaufman of Salomon Brothers...

wage-price controls is inevitable and forecast year-end, long-term U.S. government bond rates...

Dismissal Comes on Eve of Loan Talks

By Steven R. Huisz
ANKARA — On the eve of a meeting with international bankers...

once the military surrenders power to civilians. During Tuesday's meeting, Mr. Ozal, the lone political survivor...

Credits Set By Sweden And Spain

By Carl Gewirtz
PARIS — Sweden and Spain will be the first borrowers to syndicate major loans in the Euromarket this year.

Advertisement for GIE GRUPPO INDUSTRIE ELETTRO MECCANICHE PER IMPIANTI ALL' ESTERO

Extra' Saudi Oil Pacts Not Renewed

NEW YORK — Saudi Arabia, which has been supplying at least 10 countries with extra crude oil...

valid contracts, PIW said. Saudi Arabia and other Gulf producers have been adamant all along that 'extra' shipments should continue no longer than absolutely necessary, PIW said.

CURRENCY RATES

Table of interbank exchange rates for January 9, 1981, including dollar values and various currencies.

Advertisement for GIE listing various banks and financial services in multiple languages.

International Bond Prices - Week of Jan. 8

Provided by White Weld Securities, London, a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Am't	Security	Yield	Price	Yield	Price	Yield	Price
		%	100	%	100	%	100
100	RECENT NEW ISSUES						
100	100% 1981	10.24	102.34				
100	100% 1982	10.24	102.34				
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100	100% 2020	10.24	102.34				
100	100% 2021	10.24	102.34				
100	100% 2022	10.24	102.34				
100	100% 2023	10.24	102.34				
100	100% 2024	10.24	102.34				
100	100% 2025	10.24	102.34				
100	100% 2026	10.24	102.34				
100	100% 2027	10.24	102.34				
100	100% 2028	10.24	102.34				
100	100% 2029	10.24	102.34				
100	100% 2030	10.24	102.34				

STRAIGHT BONDS

All Currencies Except DM

Am't	Security	Yield	Price	Yield	Price	Yield	Price
		%	100	%	100	%	100
100	AUSTRALIA						
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100	100% 1985	10.24	102.34				
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100	100% 2021	10.24	102.34				
100	100% 2022	10.24	102.34				
100	100% 2023	10.24	102.34				
100	100% 2024	10.24	102.34				
100	100% 2025	10.24	102.34				
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100	100% 2027	10.24	102.34				
100	100% 2028	10.24	102.34				
100	100% 2029	10.24	102.34				
100	100% 2030	10.24	102.34				

Am't	Security	Yield	Price	Yield	Price	Yield	Price
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100	100% 1982	10.24	102.34				
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100	100% 2028	10.24	102.34				
100	100% 2029	10.24	102.34				
100	100% 2030	10.24	102.34				

HIGHEST YIELDS

to Average Life Above 5 Years

Security	Yield	Price
100% 1981	10.24	102.34
100% 1982	10.24	102.34
100% 1983	10.24	102.34
100% 1984	10.	

Push of New Business Shatters Short-Lived 'Window' in Market

Continued from Page 7

...a when-issued basis at... discounts, ranging up... for the European In... Bank and Ireland, from... price. The list of new...
World Trade Corp.,... billion due 1988 priced at... coupon of 12 1/2 per... issue is callable after the... year at a premium of 100%... (U.K.) Exploration... million due 1988 bearing... of 13 1/2 percent and... 99% to yield 13.36 per... issue cannot be called... 1985 and then at a premium...
Pont of Canada, \$75 mil... 1991 bearing a coupon of... percent and callable at 102 in... the issue price will be fixed... Tuesday.

• Newfoundland Province, \$60 million due 1991, bearing a coupon of 13 1/2 percent with pricing to be set at the end of the offering period. The issue cannot be called before 1987 and then at a premium of 102.
• Caisse Nationale de l'Energie, guaranteed by France, \$100 million due 1991 priced at par bearing a coupon of 12 1/2 percent.
• Easton Finance, guaranteed by Easton Corp., \$50 million due 1989, priced at par bearing a coupon of 13 1/2 percent and callable in the sixth year at a price of 101.
• European Investment Bank, \$100 million due 1988 priced at par bearing a coupon of 12 1/2 percent. The issue is not callable.
• Euratom, \$40 million due 1990 priced at par bearing a

coupon of 12 1/2 percent and not callable.
• GMAC Overseas Finance Corp., guaranteed by General Motors Acceptance Corp., \$100 million due 1988 priced at par bearing a coupon of 12 1/2 percent. The issue is callable in the sixth year at a premium of 101 1/4.
• Hydro Quebec, guaranteed by Quebec Province, \$100 million due 1991 priced at par bearing a coupon of 13 percent. Each bond bears a warrant, expiring Sept. 1, to buy a like amount of the same bond at par. The bonds are callable in 1987 at a premium of 100 1/4.
• Republic of Ireland, \$50 million due 1988 priced at par bearing a coupon of 12 1/2 percent.
• Swedish Export Credit, \$75 million due 1986 priced at par

bearing a coupon of 13 percent. First call, at par, is in 1985.
Bank of Tokyo (Curacao) Holding NV, guaranteed by the Bank of Tokyo, is offering \$75 million of 10-year floating rate notes. The coupon will be set at a quarter-point over the average of the bid-offered rate for six-month Euro-dollar deposits. A minimum coupon of 5 1/2 percent is guaranteed. Holders have the option to redeem at par in 1988.
GTE Finance sold \$50 million of six-year notes at par bearing a coupon of 13.6 percent. Warrants expiring Aug. 15 allow holders to purchase at par a like amount of GTE Finance eight-year notes bearing a coupon of 13 1/2 percent.
Nordic Investment Bank is selling 20 million special drawing

rights of five-year notes priced at par bearing a coupon of 11 1/2 percent, a level that some bankers believe is too low. This is the first SDR issue since the International Monetary Fund simplified the component basket to five currencies from the previous 16-currency formula. Some 263 million SDR-denominated Eurobonds have been floated to date, of which over 160 million SDR has been for Scandinavian borrowers.
The Deutsche mark sector remains shattered by mutual agreement of the Bundesbank and the issuing houses until the end of March. The only exception to the rule will be for supranational borrowers, but none is yet scheduled.
In the domestic market, the government is selling 1.5 billion Deutsche marks of 10-year bonds bearing a coupon of 9 percent at price of 100 1/4 to yield 8 3/4 percent. But taking into consideration the 3/4-point res allowance, the effective yield is 9.12 percent, bankers noted.

Sweden, Spain Are First to Seek Major Borrowings

Continued from Page 7

...the costs and risks in... This is a change, as loan... over the past two years... continually forecast an im... escalation of charges... fast conditions for most... has continued to ease.

...erosion in margins has... the virtual withdrawal of... German and Swiss banks... in the market is shrinking... for operations where they... a margin linked to the... rate. The prime is a "retail"... which already contains an el... of profit for the banks; Li... contrast, is a "wholesale"... presenting the actual cost of... for all but the biggest banks... reduction in the number of... comes at a time when de... for credit is expected to be... substantial. According to... organization for Economic... and Development, in... industrialized countries are expected... a current-account deficit... year of \$40 billion. This is a... decline from last year's \$73... but the deficit will fall... nations least able to bear it... ary improvements are fore... by the United States, Japan... West Germany.

employ these funds will be limited as the slow growth or recession predicted for the industrialized nations means domestic credit demand will be limp.
"To the extent that banks are demand-deposit driven, they are going to have to move" into the Euro market, says the senior loan officer of a major U.S. bank. "I think there will be some growth of the market over 1980 levels."

There are only a handful of countries for whom bankers are willing to predict that borrowing costs must rise this year. These are the most indebted states: Brazil, South Korea and Argentina. According to the latest data reported by the Bank for International Settlements, Argentina at mid-1980 owed banks a total \$17.3 billion, of which \$9.2 billion matures within one year. Brazil's total was put at \$41 billion, of which \$13 billion falls due within a year, and South Korea's total was estimated at \$14.3 billion, of which \$8.3 billion matures within one year.
The Philippines, Taiwan and Thailand also have more than half of their estimated total bank debt maturing within one year and are prime candidates for tougher loan terms. But bankers still regard these countries as capable of driving hard bargains.
Mexico, Venezuela and Peru also have very big portions of their debt due within one year, but as exporters of oil these three are well placed to keep borrowing terms from rising.

split 3/4-3/4 points over Libor that if paid previously or if it insists on holding the line on costs it will have to accept a shorter life for the loan.
By contrast, Thailand's electricity generating authority is in the market for \$110 million offering a split rate of 3/4 point over Libor, down from the 3/4 point it had been paying.
The Philippines is seeking \$200 million for eight years, paying 3/4 point throughout, representing no change from previous loans.
Indonesia, which started out seeking \$250 million for 10 years at an evenly split 3/4-3/4 point over Libor, will increase its loan to \$400 million. Demand reportedly totaled more than \$500 million, but the government said it did not need that much.

India, which has been seeking \$680 million to finance an aluminum plant, is about to tap the market for \$200 million for its Oil and Natural Gas Corp. The new loan will also be for 10 years, but, based on the good response to the \$680-million loan, India is seeking to start it with an element of 3/4 point over Libor and increasing to half a point. The aluminum loan carries a spread of 3/4 point over Libor for four years and 3/4 point over for six years.
Greece is also looking to break the half-point barrier. Hellenic Aerospace reportedly is looking to raise 10-year money starting at 3/4 point over Libor.
Brazil is currently in the market with a \$60-million credit for the state electricity company of Sao Paulo. Banks participating for \$5 million or more are being offered a flat fee of 3/4 percent and manager status. Terms on the eight-

year loan, 1 1/4 points over Libor, are not truly representative, as a group of Italian companies supplying material for a hydroelectric project that the credit is being used to finance are topping up the margin. An additional \$12 million, being provided solely by the five managing banks, has a nine-year maturity and a spread of 1 1/2 points over Libor.
Endesa of Chile is seeking \$120 million for eight years, offering 3/4 point over Libor for the first four years and 3/4 point over for the final four years.
The Portuguese state-owned pulp and paper products manufacturer Empresa de Celulose e Papel de Portugal (Portugal) is seeking \$30 million for seven years at 3/4 point over Libor throughout.

Privredna Banka of Zagreb is seeking up to \$25 million for one year, offering to pay 3/4 point over Libor sweetened with front-end fees of 3/4-to-3/16 percent.
Dutch Unemployment Hits Postwar Record
THE HAGUE — Dutch unemployment rose provisionally to a seasonally adjusted, postwar record of 302,000 persons in December from a downward revised 291,200 in November, Social Affairs Ministry reported Friday.
Frans Rutten, secretary general of the Dutch Economic Ministry, warned Thursday that if major measures were not taken to improve the country's troubled economy, unemployment could reach 500,000 by the middle of the decade and 750,000 by the 1990s.

Eurobond Yields*
Week Ended January 9
(U.S. Dollars)

International institutions	12.98 %
Industrials, long term	12.64 %
Industrials, medium term	13.34 %
Canadian dollars, medium term	13.62 %
French franc, long term	14.13 %
Unit of acc. long term	10.49 %

* Calculated by Lufthansa Stock Exchange

Market Turnover
Week Ended January 9
(Millions of U.S. Dollars)

Cedel	1,241.1	725.4	515.7
Eurocl	1,881.0	1,617.7	263.3

Kredietlux Indices
(Base 100 Mar. 1, 1977)

Industrials, U.S.	100.00
Industrials, Europe	100.00
Govt bonds, U.S.	100.00
Govt bonds, Europe	100.00
Stocks, U.S.	100.00
Stocks, Europe	100.00

Consolidated Trading Of AMEX Listings
Week Ended Jan. 9, 1981

Symbol	High	Low	Last	Change
AmTran	1,250.00	1,240.00	1,245.00	+5.00
AmTel	1,000.00	990.00	995.00	-5.00
AmSat	1,500.00	1,480.00	1,485.00	-5.00
AmCom	1,200.00	1,190.00	1,195.00	-5.00
AmEng	1,100.00	1,090.00	1,095.00	-5.00
AmInd	1,300.00	1,290.00	1,295.00	-5.00
AmMfg	1,400.00	1,390.00	1,395.00	-5.00
AmTech	1,600.00	1,590.00	1,595.00	-5.00
AmComm	1,700.00	1,690.00	1,695.00	-5.00
AmTrans	1,800.00	1,790.00	1,795.00	-5.00
AmEnergy	1,900.00	1,890.00	1,895.00	-5.00
AmHealth	2,000.00	1,990.00	1,995.00	-5.00

...the overall deficit of the... all developing countries is... to expand to \$56 billion... last year's \$50 billion... continuing large cash sur... of the oil exporters — estimat... by the OECD) before the latest... cent rise in prices to total... billion — means that banks... remain awash with OPEC de... But the banks' ability to

This announcement appears as a matter of record only. 16th December 1980

Eni

Ente Nazionale Idrocarburi

(a public corporation of the Republic of Italy)

US \$500,000,000 Medium Term Loan

Lead managed by:

- Arab Banking Corporation (ABC)
- Banca Nazionale del Lavoro
- Barclays International Group
- Lloyds Bank International Limited
- The Sumitomo Bank, Limited
- The Bank of Tokyo, Ltd.
- Chase Merchant Banking Group
- Manufacturers Hanover Limited
- AI-UBAF Group
- Arab Latin American Bank/Gulf Riyad Bank EC
- Banque Arabe et Internationale d'Investissement (B.A.I.I.)
- Credito Italiano - London
- Orion Bank Limited
- Libyan Arab Foreign Bank

Managed by:

- Arab International Bank/Banco Arabe Espanol SA
- Banco de Bilbao S.A.
- Crédit du Nord
- The Mitsui Bank Limited
- National Westminster Bank Group
- Union Bank of Switzerland
- Arab Latin American Bank/Gulf Riyad Bank EC
- Banque de l'Indochine et de Suez
- Dai-ichi Kangyo Bank Nederland NV
- Nagatfin Bank Limited
- The Sumitomo Trust & Banking Co., Limited

Co-managed by:

- The Mitsui Trust & Banking Co Limited

Funds provided by:

- Banque Verres et Commerciale de Paris
- Barclays Bank International Limited (Bahrain O.B.U.)
- Chase Bank A.G.
- Crédit du Nord
- Credito Italiano - London
- Dai-ichi Kangyo Bank Nederland NV
- Gulf Riyad Bank EC
- International Westminster Bank Limited
- Lavoro Bank Overseas N.V.
- Libyan Arab Foreign Bank
- Lloyds Bank International Limited
- Lloyds Bank International (Bahamas) Limited
- London Interest Bank Limited
- Al Mai Kuwaiti Co., KSC
- Manufacturers Hanover Bank (Guernsey) Limited
- The Mitsui Bank Limited
- The Mitsui Trust & Banking Company, Ltd.
- Nagatfin Bank Limited
- New England Merchants National Bank
- Orion Bank Limited
- Orion Bank (Guernsey) Limited
- Osterreichische Länderbank AG
- Saitama Bank (Europe) SA
- The Sumitomo Bank, Limited
- The Sumitomo Trust & Banking Co., Ltd.
- UBAN - Arab Japanese Finance Limited
- Union Bank of Switzerland
- Union de Banques Arabes et Françaises - U.B.A.F.

in association with:

- Chase Bank A.G. (Agent Bank)

This advertisement appears as a matter of record only.

Joseph E. Seagram & Sons, Inc.

U.S. \$3,000,000,000 Medium Term Eurodollar Loan

consisting of

- U.S. \$1,620,000,000 Limited Recourse Facility
- U.S. \$1,380,000,000 Revolving Credit Facility

lead managed by:

- Bank of Montreal
- Citicorp International Group
- Manufacturers Hanover Merchant Banking Group

managed by:

- Lloyds Bank International Limited, New York
- The Bank of Nova Scotia Group
- Bankers Trust International Limited
- Canadian Imperial Bank of Commerce, Atlanta Agency
- Deutsche Bank Compagnie Financière Luxembourg
- Dresdner Bank AG New York Branch
- National Westminster Bank Limited
- The Royal Bank of Canada
- Toronto Dominion Bank

co-managed by:

- Crédit Lyonnais
- National Bank of Canada, New York Agency

provided by:

- Bank of Montreal
- Citibank, N.A.
- Manufacturers Hanover Trust Company
- Lloyds Bank International Limited
- The Bank of Nova Scotia International (Curacao) NV
- Bankers Trust Company
- Canadian Imperial Bank of Commerce Atlanta Agency
- Deutsche Bank
- Compagnie Financière Luxembourg
- Dresdner Bank AG Grand Cayman Branch
- International Westminster Bank Limited
- The Royal Bank of Canada
- Toronto Dominion Bank
- Crédit Lyonnais
- National Bank of Canada New York Agency
- Marine Midland Bank, N.A.
- Banco de Bilbao, S.A.
- The Bank of New York
- The Bank of Tokyo Trust Company
- Banque Nationale de Paris New York Branch
- Banque de Paris et des Pays-Bas
- Crédit Agricole (CNCA) Chicago Branch
- Crocker National Bank
- The Mercantile Bank of Canada International NV
- The Northern Trust Company
- Société Financière Européenne Finance Company N.V.
- Société Générale
- Swiss Bank Corporation New York Branch
- SFE Group
- United California Bank
- Morgan Grenfell & Co. Limited
- Pittsburgh National Bank
- The Royal Bank of Scotland Limited

Agent Bank for Limited Recourse Facility: **Manufacturers Hanover Trust Company**

Agent Bank for Revolving Credit Facility: **Citibank, N.A.**

(Continued on Page 10)

International Bond Prices - Week of Jan. 8

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Table of international bond prices with columns for Amt, Security, Maturity, Price, and Yield. Includes various government and corporate bonds from countries like the UK, France, and Germany.

Convertible Bonds

Table of convertible bond prices with columns for Amt, Security, Maturity, Price, and Yield. Lists convertible preferred and common stocks.

Explanation of Symbols

Key explaining symbols used in the bond tables, including abbreviations for currency, maturity, and other terms.

Chicago Exchange Options

For the Week Ending Jan. 9, 1981

Large table of Chicago exchange options prices for various commodities like wheat, corn, and soybeans, with columns for contract type, price, and other details.

Mutual Funds

Monday, Jan. 12, 1981

Table of mutual fund prices and performance, listing various funds and their current values.

American Exchange Options

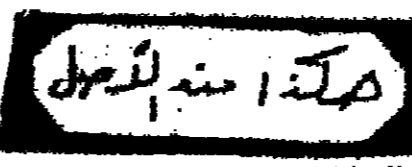
For the Week Ending Jan. 9, 1981

Table of American exchange options prices for various commodities like oil, sugar, and cotton, with columns for contract type, price, and other details.

Advertisement for TOTAL OIL MARINE LIMITED, a British company, offering 9 3/4% French Franc currency notes with details on interest and terms.

Advertisement for AUTOMOBILES PEUGEOT, offering a 10% 1976/1983 loan of FF 125,000,000 with details on interest and terms.





Over-the-Counter

Large table of over-the-counter stock prices with columns for stock names, bid, ask, and change.

College Basketball

Table of SATURDAY'S RESULTS for college basketball games, listing teams and scores.

Consolidated Trading Of NYSE Listings

Table of NYSE listings with columns for stock name, price, and volume.

Treasury Bills

Table of Treasury bill rates for various maturities.

More Sports On Page 13

HIGHEST CURRENT convertible having premium of less than...

OLDS

Gold Options (prices in \$/oz.)

Valours White Weld S.A. 11, Quai de Mont-Blanc, 1211 Geneva 1, Switzerland

Old Court DOLLAR COMPANY TRUST Prices on January 7, 1981

BEC Banque Européenne de Crédit logo and address: Boulevard du Souverain 100 B-1170 Brussels

The multinational bank for international finance. Banque Européenne de Crédit

CLASSIFIED ADVERTISEMENTS (Continued from Back Page) including sections for ARTS, ESCORTS & GUIDES, and AMSTERDAM ESCORT SERVICE

Montgomery Gains 194 Yards

Eagles Top Cowboys, 20-7, to Earn Super Bowl Berth

erotic imagery... every account... He is entertaining... original things... poetry of the... dears and the... and the snails... symbolic image... Pygmalion... not to think of... while reading in... to make of these... that cannot be... dream.

Philadelphia — The Philadelphia Eagles landed their first Super Bowl berth Sunday with a triumph over the Dallas Cowboys... The Eagles enjoyed good field position throughout the opening half, but two breakdowns by the special teams and a critical penalty forced them to settle for a 7-7 half-time tie.



Wilbert Montgomery of the Eagles (31), goes in for the first touchdown against the Cowboys.

Transactions... American League... National Basketball Association... National Football League... Houston Oilers... Philadelphia Eagles... Los Angeles Rams... New York Jets... New York Giants... Dallas Cowboys... San Francisco 49ers... Oakland Raiders... Pittsburgh Steelers... Cincinnati Bengals... Cleveland Browns... Baltimore Colts... Kansas City Chiefs... Denver Broncos... Minnesota Vikings... Green Bay Packers... Chicago Bears... Detroit Lions... Tampa Bay Buccaneers... Miami Dolphins... New England Patriots... Buffalo Bills... Washington Redskins... Atlanta Falcons... Carolina Panthers... Tampa Bay Buccaneers... Miami Dolphins... New England Patriots... Buffalo Bills... Washington Redskins... Atlanta Falcons... Carolina Panthers...

Philadelphia's defense, which yielded only 14 points per game during the regular season, an NFL low, then held off Dallas' league-leading offense, which rallied for 20 fourth-quarter points last week, to capture the NFC championship. Franklin put the finishing touches on the Eagles' victory with a 20-yard field goal with 2:10 remaining in the game following a 12-play drive that consumed 6:48.

Inconsistent Offense... The Cowboys, seeking to duplicate their 1975 feat of reaching the Super Bowl as a wild-card entry, fell to a 2-3 record in NFC title games. Dallas' offense, averaging a league-best 28 points per game during the regular season and 33 points over the last three games, could not drive consistently as the Cowboys failed in a bid for a record sixth Super Bowl berth.

Podborski Captures Another Cup Downhill

Read Breaks Nose, Hurts Knee; Likely to Miss Remaining Races



Ken Read holds a broken nose after falling in the World Cup downhill ski race at Garmisch-Partenkirchen, West Germany.

GARMISCH-PARTENKIRCHEN — West Germany's Steve Podborski captured his second World Cup downhill race of the season Saturday, beating Peter Mueller of Switzerland by 57 hundredths of a second. Harti Weirather of Austria was third. Ken Read, Podborski's Canadian teammate, was seriously injured when he fell 75 meters from the finish. He bounced on his head and turned over four times.

Read, the pre-race favorite, had breezed down in his trademark daredevil style to clock the fastest intermediate time before his fall. Coming in low in the race position, the 25-year-old racer hit a bump, veered to the right and lost his balance. "On the last turn above the Finish, I was somewhat tight," Read said. "I caught an edge on what I believe was loose snow. I fell right on my face."

Australians Win Doubles Crown

LONDON — Peter McNamee and Paul McNamee, the Australian Wimbledon champions, confirmed their position as the world's No. 1 partnership Sunday by winning the World Doubles Championship. The 26-year-old McNamee and his 25-year-old partner produced a brave and positive performance to defeat the American pair in a two-hour, 27 minute final worth \$96,000.

Chile, Thailand Advance to Next Davis Cup Round

LIMA, Peru — Chile eliminated Peru from the 1981 edition of the Davis Cup Saturday with a 3-0 victory in the best-of-five series. The Chileans will face the winner of the Ecuador vs. Uruguay series in the next round of the South American Zone qualifying tournament.

NHL Standings

Table showing NHL Standings for Campbell Conference, Patrick Division, and Norris Division.

Esposito Given Tribute Before Last NHL Game

NEW YORK — Phil Esposito received a tumultuous ovation in ceremonies Friday night before he played the final game of his career for the New York Rangers. He recently announced his retirement as a player in favor of serving as an assistant coach. With the Rangers and the Boston Bruins lined up along the blue lines, Esposito was introduced to a sellout crowd of 17,500 at Madison Square Garden.

Jaeger to Meet Austin for Title

LANDOVER, Md. — Andrea Jaeger will meet Martina Navratilova for the \$75,000 first prize. The loser earns \$40,000. Turnbull and Navratilova will play for third place in a preliminary match. "I think this is my best tournament because I beat Martina," Jaeger said. "I went in thinking that if I served well and passed well I had a chance. Her serve and volley game was off and that was my break."

Connors vs. McEnroe In Champions Final

ROSEMONT, Ill. — John McEnroe and Jimmy Connors reached their anticipated championship confrontation by scoring easy semifinal victories Saturday in the Chicago Challenge of Champions tennis tournament. McEnroe took just over an hour to dispose of Rescoe Tanner, 6-3, 6-1, while Connors easily defeated Vitas Gerulaitis, 6-3, 6-3. McEnroe broke Tanner's serve in the fourth game of the first set and was never seriously challenged after that. The 21-year-old New Yorker had little difficulty returning Tanner's powerful serve, and wound up recording eight easy to two for Tanner. McEnroe, ranked No. 2 in the world, was to meet Connors, ranked No. 3, for the \$125,000 first prize in Sunday night's championship final.



Phil Esposito is joined by Gordie Howe during the ceremony before his last NHL game. His jersey, No. 77, is being retired.

Nykoluk Named as Coach of Slumping Maple Leafs

Punch Imlach, the general manager, in an interview last week, the 75-year-old Ballard said he had decided "that guys from the old school have trouble adjusting to this new era in hockey." "I think I have a lot of ideas for helping to turn this team around," Nykoluk said. "I think one of the first things that has to happen is the players have to become more involved. I don't know what their reaction is to me as of yet, but when you're a coach one of the first things you must do is get the players to buy into it," he said. Nykoluk said that one of his first moves would be the naming of as many as three or four alternate captains and one or more players as assistant coaches. He added that team captain Darryl Sittler, who feuded with management throughout last season, would get strong consideration for an assistant player coach position, and he indicated that assistant coach Dick Duff would move into a scouting position.

Halderson Atop Golfers After 3 Rounds

PHOENIX, Ariz. — Dan Halderson won a 35-foot sand wedge for a hole in the 16th hole Sunday, rolled in a 25-foot birdie putt for the 18th for a 66 that gave him a third-round lead in the Tucson golf tournament. Halderson, 29, a Canadian who moved through his first PGA victory in the Pensacola Open last started the third round tied with Dan Pohl, two shots behind by Miller.

More Sports On Page 11

First Since 1978

Steve Mahre Gets A Slalom Victory

He had 93 points to 120 for Peter Mueller of Switzerland. But Mueller, a downhill specialist, pointed out that Mahre had more chances to collect points through slalom and combination victories. Frommelt said that Stenmark was still his favorite for the slalom title, despite Stenmark's error on Sunday. "To me he is still No. 1," Frommelt said. Frommelt, the slalom leader with 35 points, was followed by Bojan Krizaj of Yugoslavia (27), Stenmark and Steve Mahre (25 each) and Stig Strand of Sweden (20).

Mahre said the second course was the most difficult for him. "There were a lot more turns and stuff. It was a little more technical," he said. "It's been a while," Mahre added, after his first World Cup victory in Europe and his first time on the winner's stand since a giant slalom triumph in 1978 at Stratton, Vt.

West Wins Hula Bowl

Lawrence, of North Carolina, had to share the Shrine Game honor with linebacker Ricky Jackson of Pittsburgh, who made key defensive plays all day to frustrate the West offense. A record crowd of 76,000 watched the Shrine Game on a clear, crisp day. The game is played annually for the benefit of the Shrine's children's hospital. Another standout for the dominant East squad was Indiana quarterback Tim Clifford, a roll-out specialist who hit Tim Sherwin of Boston College for the third East score. Center John Scully of Notre Dame starred for a huge and effective offensive line, and linebacker E.J. Junior of Alabama and Jackson anchored the stiff East defense. For the West, quarterback Neil Lomax of Portland State showed a powerful arm. Tom Flick of Washington clicked with more regularity but could not get his team into the end zone.

East Victorious in Shrine Game

touchdowns and lead the West to a 24-17 victory over the East in the Hula Bowl. Lawrence, of North Carolina, had to share the Shrine Game honor with linebacker Ricky Jackson of Pittsburgh, who made key defensive plays all day to frustrate the West offense. A record crowd of 76,000 watched the Shrine Game on a clear, crisp day. The game is played annually for the benefit of the Shrine's children's hospital. Another standout for the dominant East squad was Indiana quarterback Tim Clifford, a roll-out specialist who hit Tim Sherwin of Boston College for the third East score. Center John Scully of Notre Dame starred for a huge and effective offensive line, and linebacker E.J. Junior of Alabama and Jackson anchored the stiff East defense. For the West, quarterback Neil Lomax of Portland State showed a powerful arm. Tom Flick of Washington clicked with more regularity but could not get his team into the end zone.

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